13th December 1938]

Financial implication of the recommendation for the reduction of assessment on land and separation of water-tax from land-tax.

* 94 *Q.*—SRI RAO BAHADUR M. RAMAN: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the attention of the Government has been drawn to the article headed " Co-operative Credit—Causes of Failure in Rural Areas " published in the *Hindu* of 23rd July 1938; and

(*b*) if so, whether the Government will state the result of the verification of the figures contained therein, in regard to the margin of the income from land and place on the table of the House, a statement showing the financial implication of the suggestion of the Indian Taxation Enquiry Committee regarding the reduction of the assessment on land to 25 per cent of its income and the separation of water-tax from land-tax?

THE HON. SRI T. PRAKASAM:—" (*a*) The answer is in the affirmative.

" (*b*) It was found on verification that the figure given in the article as representing the highest price of paddy for the last seven years was not correct, and that the figure for cultivation expenses was vitiated by the fact that the items usually defrayed in grain had been commuted into money at the commutation price of paddy calculated at the resettlement, which was much higher than the current prices at which the yield was valued. The financial implications of the suggestions of the Indian Taxation Enquiry Committee referred to have not been worked out."

Rate of interest at which Government borrow and lend money.

* 95 *Q.*—SRI RAO BAHADUR M. RAMAN: Will the Hon. the Prime Minister be pleased to state what the rate of interest is at which Government have borrowed money for the purpose of lending it to ryots and what the rate is at which they are lending it to them?

THE HON. SRI C. RAJAGOPALACHARIAR:—" Government does not borrow money separately for the purpose of lending it to ryots. The requirements of the Government for all purposes are estimated and a loan is raised for the amount required.

" The effective rate of interest that the Government have to pay on the 15 years open market loan raised by them in 1937 is 3·12 per cent, and the corresponding rate for the similar loan raised in the current year is about 3·16 per cent.